United States
Department of
Agriculture

Office of the
Chief Financial
Officer

National
Finance
Center

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USDA

Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 06-2, Marion County, Indiana, Income Tax Withholding

Date: April 3, 2006

To: Holders of TAXES (State of Indiana only)
Personnel User Groups
T&A Contact Points in Indiana

Beginning with wages paid for Pay Period 7, the National Finance Center (NFC) will change the tax rate for the withholding of county income tax for Marion County, Indiana. The withholding rate will increase for residents from .70 percent to .80 percent and for nonresidents from .175 percent to .200 percent.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (*www.nfc.usda.gov*) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "▶◀".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630** .

MARK J. HAZUDA, Director
Government Employees Services Division

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Indiana Counties Income Tax Information

Acceptable Exemption Form:	IN WH-4
Acceptable Exemption Data:	A-Z, 0 / Number of Dependents
Special Coding:	Determine the Total Number of Exemptions field as follows:

        First Digit – Enter the alpha (A–Z) to represent the number of additional exemptions claimed. (A=1, B=2, C=3, etc., up to Z=26). Otherwise, enter 0 (zero).

        Second and Third Digits – Enter the number of exemptions claimed. (If less than 10, precede with a zero.)

Additional Information:	None

Withholding Formula ▶(Effective Pay Period 7, 2006)◀

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages to obtain the adjusted gross biweekly wages.

2. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.

3. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 2.

   Exemption Allowance = $1,000 x Number of Exemptions[1]

   [1] Number of exemptions claimed for self, spouse, over age 65, blindness, and dependents.

4. Determine the additional allowance by applying the following guideline and subtract this amount from the result of step 3 to compute the taxable income.

   Additional Allowance = $1,500 x Number of Additional Exemptions[2]

   [2] Number of additional exemptions claimed for certain qualifying dependents.

5. Apply the taxable income to the following guideline to determine the annual Indiana county income tax withholding.

Compute the County Income Tax Withholding For:	By Multiplying the Gross Annual Wages By:		
	Resident Percentage	Nonresident Percentage	State/County Code
Allen	1.00	0.550	18/003
Clay[3]	1.25	0.250	18/021
Grant	1.25	0.500	18/053
Greene[3]	1.00	0.250	18/055
Marion	▶0.80	0.200◀	18/097
Martin	1.00	0.400	18/101
Miami	1.04	0.590	18/103
Tippecanoe	1.00	0.550	18/157
Vanderburgh	1.00	0.250	18/163

[3] Voluntary County Tax Status

6. Divide the annual Indiana county income tax withholding by 26 to obtain the biweekly Indiana county income tax withholding.